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DISTINGUISHING PERFORMANCE

# **Distinguishing Performance Through Awards**

Office of Human Resources Management  
Office of Human Capital Planning & Strategic Management

December 9, 2004



# Points to be Covered

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DISTINGUISHING PERFORMANCE

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- Performance Appraisal Systems by Bureau
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# Overview

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- The Department holds its employees accountable for performance management through the use of 5 performance appraisal systems:
  - Senior Executive Service (SES) Performance Management System
  - Five-Level Performance Management System for General Schedule (GS) employees
  - Two-Level (Pass/Fail) Performance Management System for GS employees
  - Pay-for-Performance system with paybanding under the Demonstration Project authority, and
  - The National Institutes of Standards and Technology Alternative Personnel Management System (APMS)



# Appraisal Systems by Bureau

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Two-Level	Five-level	Demo/Alternative Pay System
Census	Office of the Secretary	Portions of National Oceanic and Atmospheric Administration
International Trade Administration	Bureau of Industry and Security	National Institutes of Standards and Technology
Portions of NOAA	Minority Business Development Agency	Bureau of Economic Analysis
Economics and Statistics Administration	National Telecommunications and Information Agency	Technology Administration
	Economic Development Administration	Portions of Office of the Secretary
	U.S. Patent and Trademark Office	
	Office of Inspector General	



# Key Findings

## DISTINGUISHING PERFORMANCE

- For both 2002 and 2003, significantly less than two-thirds of employees were rated as “Outstanding” in the five-level system.

		2002			2003	
	Rating Level	Count	Percentage		Count	Percentage
Two-Level	Ineligible	197	0.86%		163	0.74%
	Eligible*	22588	99.14%		21852	99.26%
	(Total)	22785			22015	
Five-Level	Unsatisfactory	56	0.62%		86	0.96%
	Marginal	90	1.00%		73	0.81%
	Fully Successful*	2314	25.61%		2583	28.73%
	Commendable	1982	21.94%		1906	21.20%
	Outstanding	4593	50.84%		4343	48.30%
	(Total)	9035			8991	

\* Employees with missing ratings were presumed "Eligible" or "Fully Successful," as appropriate



# Comparison of Awards & Performance

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- Average monetary award under the Demonstration Project was about \$1800 per employee, per year for the two years, versus about \$2700 per employee, per year under the five-level system.

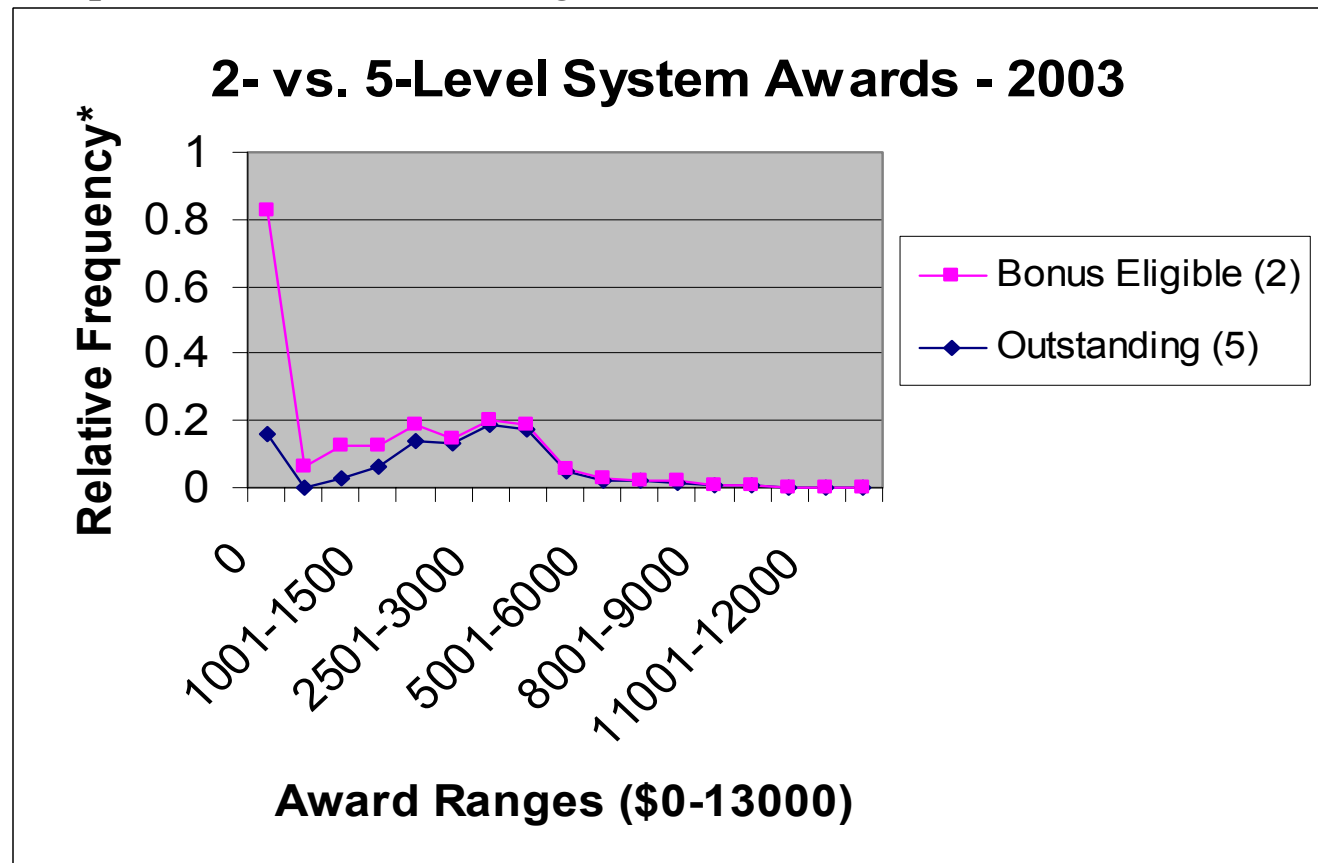
		2002			2003	
	Rating Level	Count	Average Award		Count	Average Award
Two-Level	Ineligible	3	200		1	425
	Eligible*	5510	1833		5935	1785
Five-Level	Unsatisfactory	15	1372		18	2198
	Marginal	17	1872		11	1528
	Fully Successful*	1543	2312		1846	2520
	Commendable	1066	2078		1133	2413
	Outstanding	3860	2932		3650	2945



# Comparison of Distribution of Awards

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• Superior employee performance is being identified in the Demonstration Project, as shown by the Bonus-Eligibles' approximation of the awards data for the top level (Outstanding) of the five-level system. For example, the two sets of ratings had a correlation of .89 for 2003.

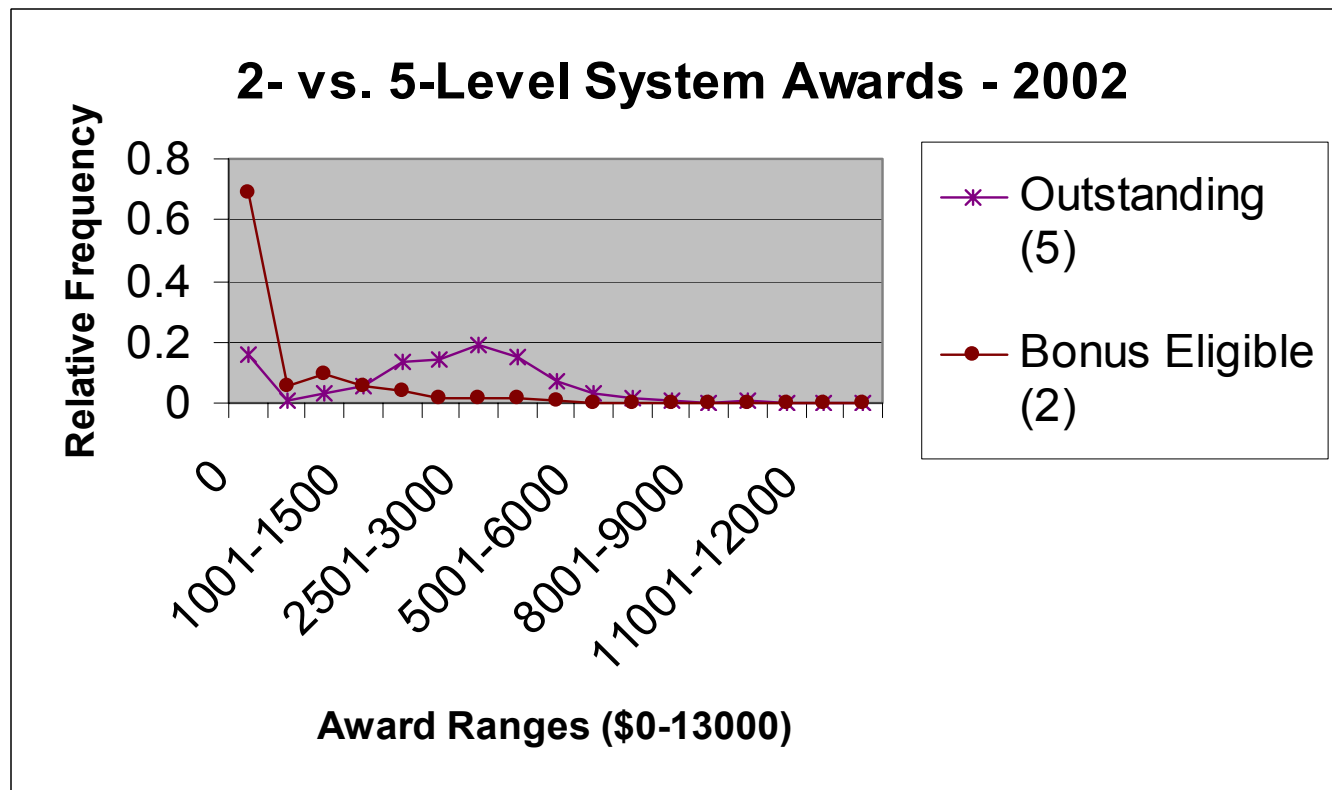




# Another Comparison

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•In FY2002, awards were “de-linked”, in that they were event driven throughout the entire year. For example an employee might have received a special act award for completing a phase of a project early. The organizational strategy was to reward outstanding performance as it occurred, rather than granting a large bonus at the end of the year. This is why the majority of awards were at lower levels: supervisors preferred to give lesser amounts of money throughout the year as performance warranted.







# More Comparisons

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- FY02, awards were “de-linked” as they were event driven throughout the entire year.
  - Example: An employee might have received a special act award for completing a phase of a project early.
  - The organizational strategy was to reward outstanding performance as it occurred, rather than granting a large bonus at the end of the year.
  - This is why the majority of awards were at lower levels: supervisors preferred to give lesser amounts of money throughout the year as performance warranted.



# In Closing

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## DISTINGUISHING PERFORMANCE

- The Department will create an efficient and effective automated system with a single rating approach for the Department.
- The automated system is currently being piloted in the Office of the Secretary, Office of Human Resources Management and integrates organizational goals and Individual Development Plans with the individual performance planning process.
- This system will support managers in assessing and rating differing levels of performance.
- A cross-functional management team has developed the draft business case for a Department-wide deployment of a new automated solution for performance management, and has begun the work of developing a unified performance appraisal plan for the Department.